

# SENATE BILL REPORT

## SHB 1202

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As Reported by Senate Committee On:  
Financial Institutions, Housing & Insurance, March 25, 2009

**Title:** An act relating to noninsurance benefits included in life insurance policies.

**Brief Description:** Allowing noninsurance benefits as part of life insurance policies.

**Sponsors:** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Hurst, Bailey, Kelley, Roach, Kirby and Parker).

**Brief History:** Passed House: 3/05/09, 97-0.

**Committee Activity:** Financial Institutions, Housing & Insurance: 3/18/09, 3/25/09 [DP].

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

**Majority Report:** Do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Franklin, McDermott, Parlette and Schoesler.

**Staff:** Diane Smith (786-7410)

**Background:** The Insurance Commissioner (Commissioner) has the authority to regulate insurance. "Insurance" is defined as a contract one undertakes to indemnify another or pay a specified amount upon determinable contingencies. In the subcategory of "life insurance," only life insurance and annuities are addressed.

Some states allow life insurance companies to offer benefits other than life insurance. These are called noninsurance benefits or noninsurance products. As examples, this practice is allowed in Texas, Florida, and Massachusetts. In Texas, these noninsurance benefits must be reasonably related to the type of policy or certificate being issued. Among the products that may be offered are financial planning and will preparation.

**Summary of Bill:** With the prior approval of the Commissioner, both individual and group life insurers may include certain noninsurance benefits as part of a policy. However, approval of any particular proposed noninsurance benefit is not required. These benefits are the following services: will preparation; financial and estate planning; probate and estate settlement; and such other services as the Commissioner may identify by rule.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The provider of the noninsurance benefit must be appropriately licensed. All ethical requirements for, and the authority of, Washington attorneys remain in force. Likewise, the prohibition against the unauthorized practice of law remains in force.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This is an important step in planning for security of loved ones. Washington State is the only state where employers cannot offer these services to their employees in group life insurance.

**Persons Testifying:** PRO: Luis Torres, Metropolitan Life Insurance Company.